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Memorandum of Conversation

DATE: November 2, 1954

SUBJECT: Proposed Mutual Security Pact; Prospective New Zealand UN Resolution

PARTICIPANTS: Dr. George Yeh, Chinese Foreign Minister
Ambassador Koo
Secretary Dulles
Assistant Secretary Robertson
Mr. Phleger, Legal Adviser
Mr. McConaughy, Chinese Affairs

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Foreign Minister Yeh said that he has been engaged at the UN in New York for the past few days in working on problems created by the introduction of the "piracy" and "aggression" charges by the Soviet Union. He said that his Government would have to object to the Soviet complaint of U. S. " aggression" in the Far East, although he understood that the U. S. Delegation would not oppose inscription.

The Secretary said that he supposed we would have to take turns defending each other.

In response to a question from Dr. Yeh, the Secretary said he understood the New Zealanders were holding their proposed resolution in suspense for the time being. The Secretary thought that the bombing of the Tachen Islands on November 1 might tend to accelerate action in the UN on the question of hostilities in the general area. If the initiative were not taken by New Zealand, some other country might make a move.

Yeh said that he feared "the cat was already out of the bag" in reference to the New Zealand resolution. He understood that Walter Winchell had said over TV on Sunday night October 31st that the U. S. would support an Australian or New Zealand resolution which would call for a cessation of hostilities around Formosa. He said that a correspondent had put a question along this line to him at the UN headquarters yesterday. The correspondent seemed to have the particulars fairly straight. The correspondent referred to the alleged deal as "a sort of Panmunjom business". Yeh said he told the reporter that this was all news to him. He could not comment. Nothing of the sort had been brought to his attention.

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Dr. Yeh inquired if the Secretary was ready to get down to a discussion of a bilateral defense treaty. He hoped that it might now be possible to discuss the rudiments -- the basic principles -- of such a treaty, unless the Secretary felt he needed more time to consider the matter.

The Secretary said he was ready to begin discussions. He had given the matter much thought since it was first broached by Amb. Koo nearly a year ago. He had expressed some doubts then as to the wisdom of a treaty, because it would have to be limited to Formosa and the Pescadores. It would be undesirable to exclude other Chinese territory in a formal document but it would be unavoidable. A Treaty, if concluded, would be substituted for the Executive Order to the 7th Fleet. In some respects it was better to transform the 7th Fleet Directive into a formal treaty commitment. The Department had no objection in principle to proceeding with treaty negotiations if that was the desire of the Chinese Government. The Secretary said that he and his associates had been experimenting with the use of the U. S. Mutual Defense Treaty of 1952 with the Philippines as a basis. He showed Dr. Yeh and Ambassador Koo marked up copies of the text of the Philippine Treaty indicating contemplated changes to make it fit the China situation. He said that he had not yet completed his consultations with members of the Senate Foreign Relations Committee. Presumably all would be back for the Special Senate Session next Monday, Nov. 8. He was quite prepared to start preliminary negotiations now along the lines which had been indicated. This was assuming the Chinese Government wished to go ahead as the Generalissimo had indicated to him last September and to Mr. Robertson in October.

The Secretary explained that he was proposing the following changes in the language of the Philippine Treaty:

In the Preamble - delete the word "historic" in paragraph 2, and strike out the final substantive paragraph.

In Article III - strike out the last clause, ending the Article with "regarding the implementation of this Treaty".

In Article IV - substitute "on Formosa or the Pescadores" for "in the Pacific area on either of the Parties".

Strike out Article V altogether and substitute a new Article V as follows:

"The Republic of China grants to the United States of America the right to dispose such United States land, air and sea forces in and about Formosa and the Pescadores as may be required for their defense, as determined by mutual agreement."

Article VII - substitute "Republic of China" for "Republic of the Philippines", and "Taipei" for "Manila" at the end of the paragraph.

The Secretary recalled that there was ample precedent for limiting the territory to be protected by a defense treaty. He cited the North Atlantic Treaty Organization, where not all the territories of the signatories were included, and the Manila Pact

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as to Southeast Asia, where, for instance, Hong Kong was not included.

Amb. Koo asked if there had not been some sort of agreement supplemental to the Defense Treaty with the Philippines?

Secretary Dulles said that there had been something in the nature of implementation of Art. III. It amounted to nothing more than an arrangement for more elaborate consultation. The Filippinos had wanted something a little more detailed in reference to consultation, particularly since more formal procedures were set up in the security treaty between the U. S., Australia, and New Zealand. They had mentioned a Council, but the U. S. had taken the position that no Council was appropriate unless there were three or more parties. The implementation of Article III consisted of nothing more than a "dressing up" of the provisions of the treaty. It was pure scenery, without any additional substance. There was no new commitment or enlargement of the Treaty commitment. It was just a new costume, a little more tinsel on the tree.

Dr. Yeh said that he would like to study the U. S. treaty proposal for one or two days. He said that Amb. Koo would want to talk with Mr. Robertson about the treaty ideas held by the Chinese Government. As to substance, the Chinese ideas ran very much along the same lines as the U. S. Government's.

Secretary Dulles said that he thought it was important to make it clear to all that the U. S. regarded Formosa and the Pescadores as an integral part of the chain off the Mainland of Asia which the U. S. considers important to its security. The chain runs from the Aleutians through the Japanese Islands, South Korea, the Ryukyus, Formosa, the Philippines, part of Southeast Asia, Australia and New Zealand. This is an area the U. S. regards as so vital, it would fight to protect it from hostile occupation. Although the U. S. would of course be guided by the advice of its responsible military leaders, it could be assumed that the U. S. would not be likely to limit itself in case of attack to a static defense. The U. S. would be disposed to strike back at the source of aggression. The Secretary said that the Republic of China in the U. S. view stood in the same position as the other Governments of the area included in this chain. The proposed treaty would extend protection to Formosa and the Pescadores, but not the off-shore islands which would remain in the same status that they now have. He still thought that UN action to deter attacks against the off-shore islands would be useful. The U. S. military experts believe that it would not be possible to defend the off-shore islands without taking measures against the Mainland which would entail the risk of general war with Communist China. The U. S. for its part is not prepared to engage in actions at this time which might lead to general war with Communist China. If the Chinese Communists can be put in the position of again defying the UN, there would be a much better chance of enlisting worldwide sympathy and support for the cause of Nationalist China.

The Secretary said he thought it was unnecessary for him to reaffirm that there is no ulterior motive on the part of the U. S. in supporting the New Zealand proposal. "We are dedicated almost as fully as you to the proposition that Formosa must never be permitted to fall into hostile hands." The U. S. has a deep

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sense of loyalty to the Chinese Government as a staunch ally which has suffered much. The U. S. Government does not exclude the possibility - perhaps even the probability - that the Chinese Communist regime will suffer vicissitudes which could result in its collapse or disintegration, or a split-up following a revolt. Rival factions in the regime might turn against each other. Hence, the U. S. must follow a policy of opportunism. The U. S. would be prepared to play a part in hastening the process of disintegration when the right time comes, but it is important not to move prematurely. We must await a propitious moment for action when such action would not be likely to provoke war with the Soviet Union. The U. S. would have to accept war if the Soviet Union starts hostilities, but the U. S. must not incite it. Subject to the necessary congressional authorization, the U. S. is prepared to proceed now with a defensive treaty covering Formosa and the Pescadores.

Dr. Yeh said that his Government was under no illusion that it now had the capacity to undertake a Mainland adventure. At present his Government was concentrating on a build-up of its armed forces, stabilization of its economy, and certain basic political reforms on the island. At the same time the Secretary would understand why Chinese must object to any treaty, agreement or resolution which would have implications or connotations tending to confine Free China to the island of Formosa forever. Any agreement or resolution affecting Free China must be pinpointed so as to avoid this connotation. Even without a UN resolution world opinion might swing in favor of the Republic of China if the Communists keep on attacking free China territory. If a UN resolution is introduced, the Communists would be able to exploit it. Their exploitation would not only be harmful to his Government but might boomerang on the U. S. Government.

Mr. Robertson said that our UN Delegation has counted the votes and is confident that it can maintain control of the resolution. It is very doubtful if the resolution would ever come to a vote. The odds are all in favor of contemptuous rejection by the Communist side. The Communists violently rejected the authority of the UN in Korea. They would have to take an even stronger position against recognition of UN authority as to the off-shore Chinese islands, which they consider an integral part of China and an internal domestic question. It is inconceivable that they could agree that Chinese territory is subject to the adjudication and jurisdiction of the UN. It is difficult to understand why the Chinese Government does not see it this way.

Dr. Yeh said he agreed up to a point. But the wording of the New Zealand resolution as he understood it was undesirable in some respects. The effect of the resolution was wider than the U. S. intended.

Mr. Robertson felt that in any event the Chinese Government would be in a stronger moral position after the resolution was introduced.

The Secretary said that it would be an excellent thing if we could live without taking any chances. Unfortunately we must all take a certain number of chances - certainly including the Republic of China. He thought the odds in favor of the New Zealand resolution turning out well were at least 10 to 1 and maybe 50 to 1. It would be a good thing if we could eliminate even that one

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adverse chance. Since we could not, the slight risk was well worth taking.

The Secretary said that the formulation of the New Zealand resolution had been subject to U. S. influence. The origin of the general idea could be traced to many quarters. But the specific approach was in accordance with U. S. ideas. The U. S. had recommended and would agree only to a limited formulation. We could not control discussion and debate of course, but we felt confident that we could control the substance of the resolution. The resolution would tend to tie the Communists down. With effective control by us all along the line, tremendous improvement in the situation of the Chinese Government could be anticipated. It was almost certain the outlook would be much better than it would be if we had to contend with the sort of resolution that Nehru for instance might propose.

Amb. Koo asked if the British and the French Governments were aware of the proposed New Zealand initiative?

Secretary Dulles said so far as he knew the French were not informed. The British were informed in a general way. In response to a query from the Ambassador as to the British reaction, the Secretary said the British were not happy about the proposal and so far were not committed to support it.

Dr. Yeh said he realized that the Secretary might consider the Chinese reaction to the New Zealand proposal a curious one. However, the Chinese were bound to be a little sensitive where their vital interests were concerned, and perhaps a little suspicious. He was not referring of course to American Government officials when he mentioned suspicion.

Secretary Dulles said he understood of course that the Foreign Minister was not referring to the President, himself or Mr. Robertson when he mentioned suspicion. He could not blame the Chinese for being suspicious in general. Much had happened to the Chinese Government which justified it in looking closely at every angle of any proposal which concerned it in an important way. He felt it was almost certain that the Soviet Union would feel that it had to veto the New Zealand resolution or argue that the Security Council had no jurisdiction and then walk out. The Communists would be placed in the position of being a mere pleader before the bar of justice, with the Chinese Nationalists, as members of the Security Council, sitting in judgment on them at the bar of justice. It was inconceivable that the Communists could accept such a situation. There was every likelihood that the New Zealand initiative could be shaped up as a useful political move. If the New Zealand move was not made, some worse move by a less friendly country could be anticipated. The U. S. would prefer to see the initiative taken under auspices that the U. S. can control.

Dr. Yeh asked if the New Zealand resolution was stalled for the present?

The Secretary said that it was, at U. S. request. We had requested New Zealand to defer action because the Generalissimo wished that a treaty announcement be made before the resolution was introduced. The Secretary remarked that U. S. ability to continue the stall diminished as military activity around the off-shore islands tended to heighten. He said that the Department has drafted a statement about the prospect of a treaty which could be brought out on short

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notice if necessary.

Dr. Yeh said that his Government would suggest a reference in the Treaty preamble to the general sovereignty of the Republic of China over all the territory of China. The necessary restrictions on the territory to be defended under the treaty could be made in the particular article defining the scope of application. He thought that we could distinguish between the area to be protected and the area over which China is recognized as having sovereignty. The particular article limiting the area to be defended could provide for subsequent agreement as to whether additional territory should come within the scope of the Treaty.

The Secretary said that we could not rely on leaving further areas open to coverage by subsequent Executive agreement. It was doubtful whether the Senate would delegate such authority to the President. We would require a fairly close definition of the mutual defense area.

Dr. Yeh said he was very glad to have the U. S. draft language of a treaty. He wanted to give it more thought. The Chinese Government would draw up its version of a public statement announcing the intention to negotiate a treaty. Then the two sides could compare notes.

Secretary Dulles said that events might force our hands. He did not want to rush the Chinese Government. He admitted the U. S. had taken considerable time. But if the Chinese Government could now move rapidly in view of the time it had already had to consider the question, the common interest would be served. A UN move might develop at any time.

The Secretary said that he hoped to have a meeting with the Far Eastern Subcommittee of the Senate Foreign Relations Committee soon after the Senate convened in special session on November 8. In response to a question from the Foreign Minister as to the effect the election might have on his consultations with the Senate, the Secretary pointed out that there would be no change in the composition of the Senate at the special session. The newly elected Senators would not take office until January. He recalled that he had said to the Foreign Minister earlier that if there were a shift of leadership in the Senate, as a result of the election, he would want to bring in the prospective majority leader more fully. This would be Senator Johnson of Texas.

Amb. Koo asked if it was definitely planned to announce the Treaty before the New Zealand resolution was introduced.

Secretary Dulles said this was correct. But we had to be certain that we would be able to agree on a treaty before any announcement was made. It would be catastrophic if an announcement should be made which was not followed up by actual signature of a treaty. This would leave the Chinese Government very vulnerable. A failure on this would make both sides look foolish. It would disclose a weakness and lack of harmony which would be most hurtful. We must be sure that our positions are very close and are fully reconcilable before any announcement is made.

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Dr. Yeh said that his Government wanted to reach an agreement on a treaty as soon as possible - - regardless of the proposed New Zealand resolution. The Generalissimo had expressed the hope to Mr. Robertson that the New Zealand proposal could be abandoned. The Generalissimo had practically pleaded that this be done. The Generalissimo had indicated that the Government might have to oppose the resolution unless a treaty announcement came first. It was hoped that both sides could proceed rapidly with the treaty.

Secretary Dulles said that he believed if necessary we could stop the New Zealand resolution. But we could not stop some other delegation from submitting a resolution in a form we could not support and under circumstances which we could not control. The question was, should we rally support behind a proposal which promised to pay big dividends, or should we let the initiative pass to a less friendly delegation?

Mr. Robertson recalled that the Generalissimo at one stage said that he would not be disposed to oppose the New Zealand resolution if the treaty negotiations could be announced previously or simultaneously. The Generalissimo thought that if the Treaty could be announced beforehand it would offset the bad psychological effects which he thought the resolution would have. Afterwards the Generalissimo had expressed deep suspicion that the resolution was a result of Communist machinations by the Soviet Union working through Krishna Menon to the British to the New Zealanders. The U. S. knows that this is not true. New Zealand is willing and anxious to cooperate with us and to insure that the resolution will remain pinpointed at the off-shore islands. The Communists could not possibly accept because acceptance would amount to denial of their whole position as tenaciously held for years. He expressed regret that the Chinese Government had difficulty in seeing it that way. He felt they would be missing a big chance if they did not accept it.

Dr. Yeh referred to the Chinese Communist air bombing of the Tachen Islands on November 1. He had received telegrams on the subject that morning which indicated an attack in three waves by Soviet made bombers and escort fighters. This was a continuation of the assault of Quemoy which began on September 3 when the island was bombed continuously for 7 hours by artillery. He did not think it was right for the resolution to blame the Chinese Government, along with the Chinese Communists for creating a threat to peace and security when the Chinese Communists were the sole instigators of the fighting. He thought that if the New Zealand resolution were amended to place the blame on the Chinese Communists, and if the reference to peaceful methods of settlement could be eliminated, then a good moral effect might be achieved and the resolution might be worthy of support.

Secretary Dulles said we could do what was possible but some things were impossible. He felt that we could not muster the necessary support in the UN if the resolution were cast in the terms suggested by the Foreign Minister. However the U. S. representative in his statement explaining the U. S. vote on the resolution would certainly take the position that the Communists were the aggressors and had initiated the attack.

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Dr. Yeh said that he could not feel that the resolution stated the case fairly when it put his Government on a par with the Chinese Communists as an equal offender, whose acts have threatened world peace and security.

Mr. Robertson remarked that the Chinese Government had taken actions, such as the interception of the Soviet and Polish vessels, which would seem to give some plausibility to a contention that both sides had used methods other than peaceful ones. The Chinese Government naval action had been very effective. But it would make more difficult any effort to change the language of the resolution.

It was agreed that Foreign Minister Yeh would continue conversations with Assistant Secretary Robertson as soon as he was ready. The Foreign Minister hoped that he would be able to participate in another meeting before his scheduled departure for Spain on November 5.

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